1988

ANNUAL REPORT

The Development FUND

Keeping Manitoba Growing...

101-04858/

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The Development FUND

A MANITOBA CROWN CORPORATION

The Honourable Eric Robinson
Minister Responsible for the
Communities Economic Development Fund
Province of Manitoba
Room 344 Legislative Building
Winnipeg MB R3C 0V8

Dear Mr. Minister:

I am pleased to forward the Annual Report and Audited Financial Statements of the Communities Economic Development Fund for the fiscal year 1999/2000.

During this current year, the Fund continued to provide a high level of service to government in a variety of areas including advisory and program design roles in addition to its core programming.

The Fund's presence as a Northern based lender continues to afford it opportunity to participate in a variety of regional development issues. It is ready and able to assist in strategies in northern development.

The Fund is fortunate in having a strong Board which directs the activities of a committed staff. During the year, we have seen changes at the Board level, and I would like to take the opportunity to acknowledge the past efforts of the outgoing board members as well as to welcome the new members.

We look forward to continuing in our role in Northern Manitoba and to successes in the recently announced TEAM program.

Respectfully submitted,

H. Westdal

Harold Westdal
Chairperson

DIRECTORS AND OFFICERS

Minister Responsible: The Honourable Eric Robinson

Board of Directors:

Chairperson: Harold Westdal Winnipeg

Directors:

James McIvor	Thompson	Term expired August, 2000
George Dram	Wabowden	Term expired August, 2000
Darlene Beck	Cross Lake	
Elbert Chartrand	Swan River	Term expired August, 2000
Mark Sinclair	Grand Marais	Term expired August, 2000
Joe Mazur	Winnipeg	Term expired August, 2000
Carol Soble	Thompson	
Linda Ballantyne	Grand Rapids	Appointed August, 2000
Gavin Lawrie	Churchill	Appointed August, 2000
Bill Cordell	Pikwitonei	Appointed August, 2000
Jim Smith	The Pas	Appointed August, 2000
Chief John R. Yellowback	God's River	Appointed August, 2000

Officers:

General Manager & Chief Executive Officer: R. Gordon Wakeling

Manager of Finance/Corporate Secretary: Eileen Bray

HEAD OFFICE

100 - 23 Station Road
Thompson, Manitoba R8N 0N6
Telephone: (204) 778-4138
Fax: (204) 778-4313

FIELD OFFICES

Business Loans

3-1000 Main Street, Swan River, MB R0L 1Z0

Fisheries Loan Field Offices

Box 1277, Hwy 9 & 4th Street S., Gimli, MB R0C 1B0
Box 357, Otineka Mall, The Pas, MB R9A 1K5
200 - 500 Portage Avenue, Winnipeg, MB R3C 3X1

THE DEVELOPMENT FUND'S 1999/2000 Annual Report comes at a time of change. The most obvious is change at an organizational level, but as the Fund enters a new century, we have had opportunity to examine both the changes and the similarities in the organization past and present. In preparation of briefings for the incoming Government in October of 1999, Fund management took the opportunity to review past annual reports. Our goal was to identify significant issues and departure points for strategy or policy development, and to distil those results for consideration of new goals and objectives.

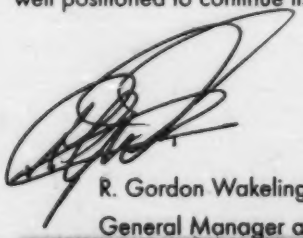
The Fund's mandate and many of its policies have been consistent. The Fund was established in July of 1971, and delivered its first annual report in March of 1972. The General Manager at the time reports that the Fund had the "... objective of encouraging the optimum economic development of remote and isolated communities," not significantly different from its mandate today "..to encourage economic development in Northern Manitoba..". The Fund reported its base lending rate that year as 8% (or 2% above prime). Again, not significantly different from today either in terms of rate or calculation method.

During the last 18 years, the Fund has developed efficiencies. In 1982, the Fund's cost of operations was $818,807. For purposes of comparison to current costs, this would be the equivalent of $1.2 million as the program did not pay interest on its capital and did not accrue pension liability (approximately $360,000 and $40,000 respectively). That year the Fund advanced $2.8 million in new loans and administered assets of $4.1 million. In 2000, the Fund manages an asset base of $24 million, lends between $5 and 10 million annually, and has a cost of operations of $1.38 million.

In 1985, the Fund moved its offices from Portage Avenue to Carlton Place in Winnipeg and in 1990, it relocated again from Winnipeg to Thompson, signalling perhaps a [illegible]ical departure point–making the Fund a truly Northern lender. The Fund today continues the practice of holding public meetings in the communities in its lending area.

Since relocation, the Fund has taken on responsibility for a new program (Fisherman's Loan Program 1992) in one of the North's resource industries, and further solidified its role in the resource sector by increasing its business loan activity in the forestry sector (1993). In recent years, (1999 and 2000), the Fund has developed its portfolio of loans in the tourism sector, primarily in hotel development. Most recently, the Fund developed a program which will re-establish it as a community developer and lender with the launch of TEAM , a program for microenterprise development.

Ten years after relocating to the North, the Fund has core competencies in the leading resource industries to compliment its presence in other regional industries from manufacturing to tourism. Its client base has gross revenues exceeding $60 million annually, supporting 1700 jobs. It has a regional presence and is well positioned to continue its role as a vital force in the development of the North.



R. Gordon Wakeling, CMA
General Manager and Chief Executive Officer

MANDATE

THE MANDATE of the Development Fund is to work with northern Manitobans and the commercial fishery in promoting and expanding sustainable economic development. We do so by providing services in business lending, networking, development, and information distribution.

Our geographic market place is defined:

By legislation:
The Development Fund may provide financial assistance for new or existing enterprises in Northern Manitoba and to aboriginal enterprises anywhere outside of Winnipeg.

By regulation:
Northern Manitoba is defined as that area north of the 21st township.

CORPORATE GOALS

THE CORPORTE GOALS are to provide effective, efficient service to enquiries and applicants.

To effectively monitor financial assistance provided to our clients in a manner that is responsible to the client and the Development Fund.

To develop and maintain an open and effective dialogue with our client groups.

To keep informed and to share our knowledge of other sources of economic development assistance and opportunity.

To be fiscally responsible to the Province.

To be a good corporate citizen.

BUSINESS LOANS PROGRAM

Since 1971, the Fund's mandate to provide a source of capital to economic enterprises has remained unchanged, other than to define the lending area boundaries. In order to meet this objective, the Fund practices a high degree of analysis and review prior to approving commercial loans. As a lender of last resort and as an alternate source of commercial financing, the Fund routinely approves loans with higher degrees of risk than what a commercial lender will accept.

The table provides a brief summary of the Business Loans Program lending activities during the past three years. The Program has experienced a downturn in the total amount of loans approved in 1999/2000 in comparison to the previous two fiscal years reported.

Year	Loans Approved	No. of Loans
1999/2000	$2,062,664	36
1998/1999	5,188,498	41
1997/1998	4,387,457	45

The current year decline is attributed to a number of factors including a downturn in the Fund's core areas of lending activities, specifically, the forestry sector. Lending in the forestry sector is cyclical, dependent upon equipment replacement schedules.

The Fund's current year portfolio of 147 accounts totals $12,575,471. Its lending activities have a direct impact on the economies of the north in general and in almost 50 communities specifically. The most significant indication of the Fund's results is measured by economic impact as shown later in this report. The total amount of revenues generated by all the businesses total $41,096,160. The number of jobs maintained and created total 488 and the amount of direct wages paid total $10,364,182. These figures were derived and extracted from aggregate totals as reported in financial data provided by existing clients.

The Fund has made significant inroads in diversifying its portfolio and will continue to target primary areas including tourism, manufacturing, and service sectors. The Business Loans Program represents a critical source of capital for regional entrepreneurs in developing businesses and services, taken for granted in many areas of the Province, adding to the quality of life in the North. Management of the Fund will continue to establish a strong presence in the region and maintain the need for a reliable and well managed source of financing in northern communities.

FISHERIES LOAN PROGRAM

The Fisheries Loan Program was transferred to the Communities Economic Development Fund(CEDF) in 1992 under Part III of the Fisheries Act. In 1998, legislative changes were made placing the Program under the CEDF Act. These changes enable the Program to assist people in all aspects of the fishing industry, not only the commercial harvesters. The main thrust of the program remains loans to commercial fishers to purchase and maintain fishing assets to operate a viable commercial fishing enterprise.

The Fisheries Loan Program makes loans and provides other services, such as delivering equipment to fishers or transporting broken equipment to where the repairs are to be made. The loans and services of the Program are available to viable commercial fishers in all areas of Manitoba. Applications are reviewed to determine the need for the loan and the ability of the fisher to generate enough revenue to repay the loan in a timely manner.

In many areas of the province it is difficult for fishers to obtain credit to make the necessary purchases to continue employment in areas where the fishery is the principal source of employment. CEDF continues to fill this need. The table below illustrates the increased activity of CEDF in the commercial fishery industry during the year ended March 31, 2000, primarily as a result of significant improvements in fish landings throughout the Province.

	April 1, 1999 to March 31, 2000		April 1, 1998 to March 31, 1999	
	Number	Amount	Number	Amount
Outstanding	11	$80,700	14	$78,300
Approved	759	3,793,661	569	2,617,119
Cancelled	45	275,293	51	323,667
Declined	182	952,657	187	864,774
Total	997	$5,102,311	821	$3,883,860

The program has significant economic impact. Loans to fishers are used to purchase goods and services in Manitoba, creating employment outside of the fishing industry. Jobs are also created and maintained in harvesting, packing, processing, and marketing of fish harvested. The industry expands the economy as the majority of fish caught in Manitoba is exported internationally.At a community level, the money earned fishing makes it possible for fishers to benefit from income support programs such as Employment Insurance when the fishing seasons are closed.

As noted, fishing improved in most areas during 1999/2000. During this fiscal year, the 1200 fishers who have loans with CEDF produced in excess of $18 million worth of fish, a substantial increase over 1998/99, leading to further improvement in repayment of outstanding loans. Repayments increased by $755,223 from $3,804,834 year ending March 31, 1999 to $4,559,447 year ending March 31, 2000.

CEDF has continued to be an active participant in the fishing industry in Manitoba in areas other than loans. We have worked with fish co-ops, fishers' associations, the Freshwater Fish Marketing Corporation, and the Manitoba Department of Conversation, Natural Resources Branch, to improve the fishery and the incomes of individual fishers. We plan to continue our efforts in the coming years.

The Development Fund essentially positions a line of credit through Loan Act Authority with the Province of Manitoba to fulfill ongoing capital supply requirements. Terms are repaid when payments are received by CEDF from clients and fixed as disbursements are made to clients. Rates for fixed terms are set by the Province at the beginning of each month.

In the Business Loan Portfolio, rates extended to clients are matched with the Province as closely as possible. In the Fish Loan Portfolio, client interest rates are floating and set at the beginning of each quarter. Terms are fixed with repayment dates coinciding with peak cash flow periods.

NOTES PAYABLE TO THE PROVINCE OF MANITOBA

March 31, 2000

Type	Maturity Dates	Interest Rate	Balance at March 31, 2000
Business Floating		7.000%	$2,094,581
Business #4	June 1, 2000	7.900%	$623,417
Business #7	January 31, 2001	6.750%	$453,883
Business #8	December 1, 2001	4.875%	$1,310,516
Business #9	December 24, 2001	5.500%	$432,364
Business #10	October 31, 2002	5.375%	$1,747,441
Business #11	January 31, 2003	5.750%	$1,013,089
Business #12	April 30, 2003	5.625%	$1,075,228
Business #13	September 16, 2003	5.875%	$1,730,476
Business #14	February 1, 2004	5.500%	$2,052,059
Business #15	December 31, 2004	6.750%	$2,492,664
Total Business			$15,025,718
Fish Floating		7.000%	$889,147
Fish #4	January 31, 2001	6.750%	$363,224
Fish #5	October 31, 2002	5.375%	$3,963,041
Fish #6	January 31, 2003	5.750%	$506,544
Fish #7	September 16, 2003	5.875%	$1,519,382
Fish #8	February 1, 2004	5.500%	$984,314
Fish #9	December 31, 2004	6.750%	$2,475,560
Total Fish			$10,701,212
Total Notes Payable			$25,726,930

Scheduled principal repayments are as follows:

2001	$6,885,619
2002	$6,092,144
2003	$5,499,141
2004	$3,138,800
2005	$1,127,498

1999/2000 BUSINESS LOANS APPROVED

AMOUNT	NAME	LOCATION	PURPOSE	INTEREST	TERM IN MONTHS
$115,415	Laframboise, Guy & Wendy	The Pas	Repair	8.000%	120
23,642	Kowbuz, Robert	Dauphin	Welding	9.500%	48
135,000	Spud's Specials Limited	The Pas	Retail	9.125%	24
10,650	Laquette, Norman	Mallard	Sawmill	9.250%	60
152,750	Blue Moose Clothing	Brandon	Manufacturing	7.625%	180
32,373	3501264Manitoba Ltd.(Robertson)	The Pas	Hotel	9.250%	24
23,013	Wiggins, Larry	Dauphin	Trucking	9.625%	36
505,000	4049293 Manitoba Ltd.(Burntwood)	Thompson	Hotel	9.625%	180
20,793	Shlachetka, Fred	The Pas	Logging	9.125%	36
15,725	Wyatt, Brenton	Mafeking	Trucking	9.625%	48
5,115	Dano, Elizabeth	Waterhen	Aboriginal Art	9.625%	24
79,561	Colombe, Albert	Wabowden	School Bus	9.125%	60
150,000	Francoeur & Forester	The Pas	Pool Hall	8.625%	120
20,000	Chartrand, Daniel	Thompson	Contractor	Guarantee	
30,000	North Best Potatoes	The Pas	Grower	9.875%	60
41,093	Thompson Power Products	Thompson	Retail	9.250%	36
42,500	Nabess, James	The Pas	Forestry	9.875%	60
17,760	Bracegirdle, Robert	The Pas	Forestry	9.875%	36
30,423	Benson, Bruce & Linda	Gimli	Commercial Fish	9.250%	51
50,000	Rowe, Darcy	Birch River	Trucking	10.000%	36
32,336	3488471 Manitoba Ltd.(Cormier)	Thompson	Plumbing	9.000%	36
49,650	Jonasson, Dale Bradley	Wabowden	Trucking	10.250%	48
49,172	Stoneman, Brad	Lynn Lake	Guiding	9.250%	60
137,508	Armstrong, David	Cross Lake	Air Service	9.250%	60
3,300	McDonald, John	Nelson House	Taxi	9.750%	24
65,000	G&L Fishing	The Pas	Fish Agent	9.250%	120
25,868	Gagnon, Pierre	Thompson	Pilot Training	9.250%	36
5,150	Moody, Leroy	Nelson House	Plumbing	10.375%	4
25,868	Dysart, William	South Indian Lk.	School Bus	9.375%	36

$1,894,665	Total Active Loan Approvals - 29 clients
$167,999	Loans Approved/Withdrawn (unlisted) - 7 clients
$2,062,664	Total approvals - 36 clients

YEAR	AMOUNT APPROVED	APPLICATIONS APPROVED	JOBS CREATED AND/OR RETAINED
1972	$ 389,500	19	56
1973	1,349,750	82	125
1974	983,983	43	100
1975	731,910	16	73
1976	374,470	18	100
1977	704,658	38	108
1978	510,399	20	103
1979	556,459	20	92
1980	1,982,791	37	144
1981	1,180,740	34	120
1982	2,800,140	46	176
1983	2,138,275	31	138
1984	2,080,595	49	144
1985	2,326,548	63	172
1986	2,909,735	43	159
1987	3,573,294	66	215
1988	3,550,050	70	210
1989	725,243	22	31
1990	1,681,090	38	136
1991	1,737,344	30	80
1992	1,183,686	19	102
1993	5,406,375	36	120
1994	1,427,220	21	88
1995	4,811,247	51	135
1996	6,134,635	64	252
1997	4,321,829	53	198
1998	4,387,457	45	230
1999	5,188,498	41	178
2000	2,062,664	36	165
	$ 67,210,585	1151	3950

Year Ended March 31, 2000

	2000	1999	1998	1997	1996
No. of Loans Approved - Business	36	41	45	53	64
Dollar Value	$2,062,664	5,188,498	4,387,457	4,321,829	6,134,635
Dollar Value - Fish Approvals	$3,793,661	2,617,119	2,529,516	3,356,312	3,160,518
No. of Active Loans - Business	141	138	129	143	131
No. of Active Loans - Fish	1110	1106	1104	1104	1100
Portfolio Value - Total	$23,624,304	23,787,182	20,967,782	20,152,782	18,728,027
Bad Debt Expense - Business	$299,967	457,130	350,287	388,217	345,511
As a % of Approvals	14.5%	8.81%	7.98%	8.98%	5.63%
Bad Debt Expense - Fish	200,000	550,000	247,518	250,000	218,500
As a % of Approvals	5.3%	21.02%	9.79%	7.45%	6.91%
Total Subsidy	$1,379,999	1,995,377	1,545,000	1,558,757	1,412,406
Subsidy as a % of Approvals	23.56%	24.63%	21.25%	20.30%	15.30%

ECONOMIC IMPACT

The Fund has been challenged to present data reflecting its impact on the economy. Currently, management are collaborating with other provincial agencies to develop standard measurement criteria for development programs. In the interim, an indication of the Fund's impact on the regional economy is to consider the following:

JOBS	**2000**	1999
Number of persons directly employed in business supported by Fund loans: [1]	488	466
Number of fishers supported by Fund loans: [2]	1200	1100
Total Employment:	1688	1566
REVENUES (000'S)		
Total revenues of Business Loan clients: [1]	41,096	$37,540
Total revenues of Fisheries Loan clients (before final payments and transfer income): [2]	$18,994	$17,292
Total Revenue:	$60,090	$54,832
DIRECT WAGES (000'S)		
Business Clients	$10,364	

1 Data is drawn from material financial statement provided by clients and from on site observations by Fund staff during the annual account review.

2 Data is drawn from payments provided to Fund and from active accounts within loan ledger.

HAUGEN MORRISH
CHARTERED ACCOUNTANTS

To The Board of Directors
Communities Economic Development Fund

We have audited the balance sheet of Communities Economic Development Fund as at March 31, 2000 and the statement of operations and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and the cash flows for the year then ended in accordance with generally accepted accounting principles.

Haugen Morrish

CHARTERED ACCOUNTANTS
The Pas, Manitoba
July 14, 2000

BALANCE SHEET

	March 31	
	2000	1999
ASSETS		
Cash	$412,208	$184,094
Trust deposits	8,690	246,754
Due from Province of Manitoba (Note 3)	1,830,594	1,873,298
Accounts receivable	352,572	257,053
Advances (Note 13)	28,998	945,102
Life insurance receivable	16,687	34,763
Property held for resale	138,906	259,341
Prepaid expenses	7,635	7,635
Loans receivable (Note 4)	18,602,624	18,893,499
	21,398,914	22,701,539
CAPITAL ASSETS (Note 7)	23,194	23,634
	$21,422,108	$ 22,725,173
LIABILITIES		
Accounts payable and accrued liabilities	$252,189	$262,180
Accrued pension liability (Note 2)	1,158,385	1,094,000
Interest payable to the Province of Manitoba	506,284	553,908
Advances by the Province of Manitoba (Note 8)	19,505,250	20,815,085
	$21,422,108	$22,725,173

Year ended March 31

	2000	1999
REVENUE		
Loan interest		
Business Program	$1,166,706	$1,019,153
Fisherman's Program	820,963	893,455
Investment income	34,101	44,864
	2,021,770	1,957,472
COST OF FUNDS		
Interest paid to the Province of Manitoba		
Business Program	897,774	734,530
Fisherman's Program	585,605	645,795
	1,483,379	1,380,325
GROSS MARGIN	538,391	577,147
OPERATING EXPENSES (Schedule 1)	1,452,848	1,521,082
	(914,457)	(943,935)
OTHER INCOME - ADMINISTRATION FEES	34,427	81,688
EXCESS OF EXPENDITURES OVER REVENUE BEFORE PROVISION FOR DOUBTFUL ACCOUNTS	(880,030)	(862,247)
Provision for doubtful accounts - regular operations	499,969	657,130
Provision for doubtful accounts - additional fish loan provision	–	350,000
Special Project		126,000
	499,969	1,133,130
EXCESS OF EXPENDITURES OVER REVENUE BEFORE SUBSIDY FROM PROVINCE OF MANITOBA	(1,379,999)	(1,995,377)
SUBSIDY DUE FROM PROVINCE OF MANITOBA	1,379,999	1,995,377
	$0	$0

Year ended March 31, 2000

CASH FLOWS FROM	
OPERATING ACTIVITIES	
Cash received from Province of Manitoba and other sources	$2,894,858
Expenditures to suppliers and employees	(1,388,136)
Interest paid	(1,531,003)
	(24,281)
INVESTING ACTIVITIES	
Purchase of capital assets	(9,878)
Loans issued net of principal payments	(209,094)
Purchase of equipment - net	120,435
	(98,537)
FINANCING ACTIVITIES	
Subsidy - Province of Manitoba (Note 1)	1,379,999
Advances by the Province of Manitoba	(1,267,131)
	112,868
NET DECREASE IN CASH AND TRUST DEPOSITS	(9,950)
CASH AND TRUST DEPOSITS, beginning of year	430,848
CASH AND TRUST DEPOSITS, end of year	$420,898
CASH AND TRUST DEPOSITS REPRESENTED BY	
Cash	$412,208
Trust deposits	8,690
	$420,898

1. NATURE OF THE ORGANIZATION

The Communities Economic Development Fund (the Fund) was established in 1971 (Ch. C155) as a Crown corporation to encourage the optimum economic development of remote and isolated communities within the Province of Manitoba. With an act revision passed in July, 1991 the object of the Fund was set to encourage economic development in Northern Manitoba, to act as a lending authority in the fishing industry in the Province of Manitoba and to provide financial assistance to aboriginal people in the Province outside the City of Winnipeg. The Business Loan Program is administered under the C.E.D.F. Act. The Fund also has been appointed as the Lending Agency under Part III of the Fisheries Act (Ch. F90) and as such administers the Fishermen's Loan Program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ALLOWANCE FOR DOUBTFUL ACCOUNTS

Business Loan Program

The allowance for doubtful accounts on loans and interest receivable is calculated on a specific item basis in addition to a 5% non-specific provision on the remaining loans not specifically provided for.

Fisherman's Loan Program

The allowance for doubtful accounts on fisherman's loans and interest receivable is calculated based on the present value of future cash flows for those loans which, if they maintain their past payment history, will fail to retire their debt completely within the agreed term. The net present value (NPV) formula used for calculating the allowance for doubtful accounts is recognized by the Canadian Institute of Chartered Accountants; however, it does not account for closure of a fishery or regulated reduction of production. In the event of closure of a fishery or regulated reduction of production, the NPV formula may not adequately provide for doubtful accounts.

PENSION EXPENSE AND OBLIGATIONS

The employees of the Fund are not members of the Civil Service of the Province but they contribute to, and are pensionable under, the Civil Service Superannuation Fund. In accordance with the provisions of the Manitoba Civil Service Superannuation Act, the Fund will contribute 50% of the pension payments made to retired employees. Payments to the pensioners are charged against the liability account. The current pension expense is determined on the basis of an actuarial valuation. The most recent actuarial valuation as at December 31, 1998 indicated the accrued liability is in line with the obligation forecast in the report. In fiscal years prior to 1989, the Fund charged to operations contributions to the Manitoba Civil Service Superannuation Fund which amounted to 50% of the pension payments made to retired employees. Beginning in the 1989 fiscal year the Fund has recorded a provision to fund current service obligations. The total liability as at March 31, 2000 amounts to $1,158,385 (1999 - $1,094,000).

CAPITAL ASSETS

Capital assets are recorded at cost. Amortization of capital assets has been calculated on a straight line basis using the following rates:

Building	10%
Office furniture and equipment	10%
Computer equipment	25 - 50%

3. DUE FROM PROVINCE OF MANITOBA

Annually, the Province of Manitoba provides a grant to cover the Fund's anticipated subsidy requirements for the year. The amount of $1,830,594 (1999 - $1,873,298) represents additional funds needed to cover the actual requirements for the year including coverage for the pension liability. The balance is comprised of the following:

	2000	1999
Department of Northern Affairs		
Subsidy (refundable)	$ 296,414	$ 180,769
- Orders in Council pending	310,395	533,129
Pension (unfunded)	1,158,385	1,094,000
Severance accrual (unfunded)	65,400	65,400
	$1,830,594	$ 1,873,298

4. LOANS RECEIVABLE

	2000	1999
Business Loan Program		
Principal	$12,273,239	$12,330,101
Accrued interest	302,232	240,833
	12,575,471	12,570,934
Allowance for doubtful accounts (Note 5)	(1,631,359)	(1,494,201)
	10,944,112	11,076,733
Fisherman's Loan Program		
Principal	10,316,886	10,405,851
Accrued interest	731,947	798,493
	11,048,833	11,204,344
Allowance for doubtful accounts (Note 5)	(3,390,321)	(3,387,578)
	7,658,512	7,816,766
	$ 18,602,624	$18,893,499

5. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The change in the allowance is accounted for as follows:

Business Loan Program	2000			1999
	Specific	Non-Specific	Total	Total
Balance, beginning of year	$ 964,244	$ 529,957	$ 1,494,201	$ 1,228,766
Provision for the year	310,928	(10,959)	299,969	457,130
	1,275,172	518,998	1,794,170	1,685,896
Accounts written off	(162,811)		(162,811)	(191,695)
Balance, end of year	$1,112,361	$518,998	$1,631,359	$1,494,201

Fisherman's Loan Program	2000	1999
Balance, beginning of year	$ 3,387,578	$ 3,066,085
Provision for the year	200,000	550,000
	3,587,578	3,616,085
Accounts written off	(197,257)	(228,507)
Balance, end of year	$3,390,321	$3,387,578

6. LOAN COMMITMENTS AND CONTINGENT LIABILITIES

	2000	1999
Loan guarantees	$ 220,000	$ 200,000
Undisbursed balance of approved loans	618,079	1,273,672
	$838,079	$1,473,672

7. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value 2000	Net Book Value 1999
Office furniture and equipment	$ 165,585	$ 142,391	$ 23,194	$ 23,634

8. ADVANCES BY THE PROVINCE OF MANITOBA

	2000	1999
Business Loan Program (Note 9)	$ 12,194,358	$ 13,535,205
Fisherman's Loan Program (Note 10)	7,310,892	7,279,880
	$ 19,505,250	$ 20,815,085

9. BUSINESS LOAN PROGRAM

The Communities Economic Development Fund is included under The Provision of Manitoba's Loan Act Authority. Advances from the Province of Manitoba bear interest at rates established by the Minister of Finance pursuant to "The Loan Act, 1999". Advances are repayable at any time in whole or in part at the option of the Lieutenant Governor in Council. Prior to 1992/93 fiscal year, advances by the Province were interest free.

Advances from the Business Loan Program at March 31, 2000 are accounted for as follows:

Advances, beginning of year	$ 15,029,406
Allowance for special projects	(1,200,000)
1999/00 loan advances	1,927,549
1999/00 loan advance repayments	(1,931,238)
	13,825,717
Unfunded allowance, beginning of year	1,494,201
1999/00 provision for doubtful accounts	299,969
Write offs (Order in Council pending)	(162,811)
	1,631,359
Net Balance, end of year (Note 8)	$12,194,358

10. FISHERMAN'S LOAN PROGRAM

The Communities Economic Development Fund is appointed as the Lending Agency for the Fisherman's Loan Program (under Part III of the Fisheries Act). The portfolio had previously been administered by Manitoba Agricultural Credit Corporation (M.A.C.C.) and funded by the Department of Natural Resources. Effective April 1, 1992 this portfolio was transferred to the Fund in its entirety.

Advances to the Fisherman's Loan Program at March 31, 2000 are accounted for as follows:

Advances, beginning of year	$10,667,458
1999/00 loan advances	2,563,528
1999/00 loan advance repayments	(2,529,774)
	10,701,212
Unfunded allowance, beginning of year	3,387,578
1999/00 provision for doubtful accounts	200,000
Write offs (Order in Council pending)	(197,258)
	3,390,320
Net Balance, end of year (Note 8)	$ 7,310,892

Interest costs are charged on total advances of $10,701,212 which is the total portfolio including the allowance for loss portion of $3,390,321 which was recognized "at risk" when the portfolio was transferred from M.A.C.C. to the Communities Economic Development Fund.

Life insurance on clients - The Fisherman's Loan Program carries Life and Accidental Dismemberment on clients' loans. The cost of this insurance is recovered in the margin charged on interest rates.

11. LOAN ACT AUTHORITY

Amounts authorized for advances under "The Loan Act, 1999" are as follows:

Per Schedule A of "The Loan Act, 1999"	$ 10,700,000
Per Schedule B of "The Loan Act, 1999"	
Direct Loans	5,592,183
	16,292,183
Advances made during the 1999/00 fiscal year	(4,491,077)
Unused Loan Act capital available	$ 11,801,106

Guarantees of $970,000 were also authorized under "The Loan Act, 1999". Loan guarantees totalling $220,000 have been issued by the Communities Economic Development Fund as at March 31, 2000.

12. COMMITMENTS

Premises

The Fund has leases for premises as follows:

Swan River	$400 per month
Thompson	$7,235 per month

The leases expire July 31, 2000 and April 30, 2000 respectively. Subsequent to March 31, 2000 both premises are in the process of renegotiating the terms of their leases.

13. ADVANCES

The advances bear interest at the Royal Bank of Canada prime interest rate, plus 1%, payable monthly and are secured by a general security agreement.

14. ECONOMIC DEPENDENCE

The ongoing operation of Communities Economic Development Fund depends on obtaining adequate financing and funding. The Communities Economic Development Fund is dependent upon the Province of Manitoba for funding of operations.

15. COMPARATIVE FIGURES

a) The Development Fund has adopted the direct method of reporting its statement of cash flow (Statement 3). Previously this information was presented as the Statement of Changes in Cash Resources. Restatement of cash flow information for the prior year is impractical and therefore not presented.

b) The financial statements for the year ended March 31, 1999 were audited by another firm of chartered accountants.

Year ended March 31

	2000	1999
Amortization of capital assets	$ 10,318	$ 17,612
Collection costs	37,887	57,578
Communications	51,352	49,852
Credit reports	2,840	2,696
Directors' fees and expenses	57,174	61,090
Government vehicles	36,676	38,973
Insurance	1,095	727
Legal costs	13,051	28,810
Life insurance (Note 10)	63,574	65,807
Office supplies and expenses	16,579	19,708
Pension expense	100,253	140,261
Professional fees	39,309	23,393
Relocation expenses		4,580
Rent and utilities	75,741	73,583
Salaries and benefits	856,434	816,246
Sundry	29,571	43,309
Travel	60,994	76,857
	$ 1,452,848	$ 1,521,082